

Fixing Our Streets Oversight Committee

Project Decision Briefing



Project Name: SW Capitol Hwy: Multnomah Village – West Portland

Project Description and Background	<ul style="list-style-type: none"> ● <u>Project Location</u>: SW Capitol Highway: Garden Home Rd to Taylors Ferry Rd ● <u>Original Budget</u> (PBOT only, does not include Bureau of Environmental Services and Water Bureau scope): \$10,140,187, including \$3,310,345 Fixing Our Streets (FOS), \$4,829,842 Transportation System Development Charges (TSDCs), and a \$2 million grant from the Oregon Lottery. ● <u>Proposed Budget</u> (PBOT only): \$13,421,011 ● Proposed FOS Funding Request: \$3,280,824 (same as August 2019) ● <u>Status</u>: 95% Plans, Specifications and Estimate were completed in November 2019. J.W. Fowler, Co., the Construction Manager / General Contractor (CM/GC) selected for the project, is currently submitting pre-construction documents, and will complete a Guaranteed Maximum Price (GMP) proposal for construction of the project in March 2020. ● <u>Planned Construction Start</u>: Early work packages in February 2020; primary contract work in April 2020.
Project Scope: Original vs. Updates	<ul style="list-style-type: none"> ● <u>Original Scope</u>: In FOS ballot measure materials, the project was characterized as a sidewalk project on SW Capitol Highway between Multnomah Village and West Portland. Shortly after the FOS ballot measure passed, the extent of the project was defined as SW Capitol Highway from Taylors Ferry Road to Garden Home Road. In addition, bikeways were included in the project early on to meet the intent of project development efforts over the past 20 years, as well as the corridor's <i>Major City Bikeway</i> designation in the Transportation System Plan. Finally, this is a joint project with the Bureau of Environmental Services (BES) and Portland Water Bureau (PWB), each of which are contributing extensive project scope and more than \$12 million in funding that will be combined with the street improvements into a single construction contract. ● <u>Amended Scope</u>: The 95% estimate revealed the following cost increases and other changes compared to the 60% estimate: <ol style="list-style-type: none"> 1) Retaining walls. The estimate for constructing retaining walls nearly doubled, from \$1,198,000 to \$2,236,000. This is primarily due to the decision to use cast-in-place concrete retaining walls for all project retaining walls – primarily to reduce excavation and right-of-way impacts on private property, and secondarily to provide a more natural- looking final product that matches community expectations. 2) Off-corridor street improvements. The project will convey, treat and detain stormwater at off-corridor locations, requiring the reconstruction or betterment of certain segments of SW 42nd Avenue, SW Alice Street, SW Dolph Court, and SW Multnomah Boulevard. BES is covering all associated costs except for the improvement of street

surfaces and addition of sidewalks. These street improvement costs add approximately \$1.2 million to the construction estimate.

- 3) **Right-of-way.** The full cost of securing temporary and permanent right-of-way was not accurately estimated until a program estimate was completed by PBOT Right-of-Way Acquisition Services subsequent to 60% PS&E. This estimate, which includes staff time, consultant services, and property owner just compensation, is \$872,950, more than four times the \$200,000 placeholder in previous budgets.
- 4) **Staff costs.** Costs attributable to design engineering, project management, and construction management continue to be a wild card on this project. However, the good news is that staff costs to date continue to come in below earlier estimates. Using a "bottoms up" estimate of staff time, PBOT staff-related costs for the life of the project are estimated at \$4.1 million, compared to the \$6.2 million estimated using "percentage of contract" methods. Overhead is included.
- 5) **Contingency.** Estimation of project contingency, including construction contingency, inflation, and "design refinement," adds as much as \$6 million to the project estimate using traditional methods. If contingency is limited to PBOT-related items in the construction contract, contingency is reduced to approximately \$432,000.

Recommendations for Consideration

- **PBOT's portion of the project faces at least a \$3,885,000 funding gap**, assuming that: (1) Staff costs continue to come in low, consistent with the bottoms-up estimate; (2) J.W. Fowler's GMP proposal will be equal to or less than the 95% estimate of constructed items, and (3) Necessary contingency funds are limited to construction contingency, not broader project contingency.
- **The request for additional FOS funds remains the same as in August: \$3,280,824.**
- **The remaining estimated \$604,000 funding gap** will be tracked and continue to be problem-solved as the project moves into construction.

PBOT Uses		PBOT Sources	
Constructed Items	\$8,636,000	Fixing Our Streets	\$3,310,345
Design/CM/PM	\$4,084,000	TSDCs	\$4,829,842
Right-of-Way	\$ 873,000	Oregon Lottery	\$2,000,000
Contingency	\$ 432,000		
Total	\$14,025,000	Total	\$10,140,087
Funding Gap			\$3,884,913
Funding Request			\$3,280,824
Proposed Amended Fixing Our Streets Allocation			\$6,591,169